

Agenda Item: 7-3
Meeting Dates: April 7 and 8, 2004

California Bay-Delta Authority
Wednesday, February 11, 2004
650 Capitol Mall, 5th Floor
Sacramento, California

MEETING SUMMARY

1. CALL TO ORDER AND INTRODUCTORY REMARKS

The meeting was called to order at 9:10 a.m. by Mike Chrisman, Secretary for the California Resources Agency, who then transferred the responsibilities of the chair to Gary Hunt, Chair of the Bay-Delta Public Advisory Committee (BDPAC) and BDPAC Representative on the Authority. Mike Chrisman welcomed Ryan Broddrick, newly appointed Director of the California Department of Fish and Game, as the newest member of the Authority. Gary Hunt noted Jason Peltier's promotion to Deputy Assistant Secretary for Water and Science, U.S. Department of the Interior.

2. ROLL CALL AND ESTABLISHMENT OF QUORUM

Roll call was taken; however, a quorum was not established. The following Authority members were present for the meeting:

Public – Paula Daniels, Southern California Region; and Daniel Wheeler and Marc Holmes, Members-at-Large.

Bay-Delta Public Advisory Committee Representative – Gary Hunt

State – Mike Chrisman, Secretary of the California Resources Agency; Linda Adams, Interim Director of the Department of Water Resources; Ryan Broddrick, Director of Fish & Game; Steve Shaffer, designee for A.G. Kawamura, Secretary of the Department of Food & Agriculture; Beth Jines, designee for Terry Tamminen, Secretary of the California Environmental Protection Agency; and Dave Spath and Kevin Riley, designees for Diana Bonta, Director of the Department of Health Services

Federal – Jason Peltier, Deputy Assistant Secretary for Water and Science, U.S. Department of the Interior; Susan Ramos, designee for Kirk Rodgers, Regional Director, Mid-Pacific Region, U.S. Bureau of Reclamation;

Rodney R. McInnis, Acting Regional Administrator, Southwest Region, National Marine Fisheries Service; Mark Charlton, Sacramento District Deputy District Engineer for Project Management, U.S. Army Corps of Engineers; Karen Schwinn, Associate Director, Water Management Division of the U.S. Environmental Protection Agency; and Wayne White, designee for Steve Thompson, Manager of California-Nevada Operations Office, U.S. Fish and Wildlife Service

Ex-Officio – The Honorable Michael Machado, chair of the Senate Agriculture & Water Resources Committee, and Dennis O'Connor for Senator Machado; and Jeff Volberg for the Honorable Joseph Canciamilla, chair of the Assembly Water, Parks and Wildlife Committee

The following Authority Members were absent:

Public – Jim Costa, San Joaquin Valley Region; Patrick Johnston, Delta Region; Alfred Montna, Sacramento Valley Region; and Susan Kennedy, San Francisco Bay Region

Ex-Officio – The Honorable Rick Keene, vice-chair of the Assembly Water, Parks and Wildlife Committee and the Honorable Charles Poochigian, vice-chair of the Senate Agriculture and Water Resources Committee

3. ADMINISTRATIVE ITEMS

In the absence of a quorum, the summary of the December 11, 2003 Joint Meeting of the Authority and BDPAC could not be adopted. Interim Director of Department of Water Resources (DWR) Linda Adams requested that a sentence be added to the meeting summary in the last paragraph on page 8 which would reflect DWR's commitment to fairly award all Proposition 13 and 50 Groundwater Storage Grants and Groundwater Recharge Loans to applicants, including those from the Sacramento Valley.

4. DIRECTOR'S REPORT

Authority Director Patrick Wright briefly discussed the State and Federal budgets, legislation, litigation, the upcoming announcement of the new Lead Scientist, and an overview of the day's program. In addition, he provided a look ahead to the next two Authority meetings, at which time issues of conveyance and storage will be considered. Director Wright also briefly informed the members of SB 1155 (Machado) and the developing Delta Improvements Package, which will be the subject of discussion at a Senate Agriculture and Water Committee hearing Tuesday, February 17, 2004. In addition, the Director hoped there will be an announcement of the new Lead Scientist at the next Authority meeting in April.

5. INFORMATIONAL REPORT ON PROGRAM TRACKING AND PERFORMANCE MEASURES

Chief Deputy Director Wendy Halverson Martin explained that this item was being presented to address issues raised at the previous Joint Authority and BDPAC meeting on December 11, 2003.

Program Tracking is communicated annually to the public. Schedule and funding tracking is being done program-wide and detailed information is kept by the implementing agencies. Summary information is provided through the Tracking Report, the Multi-Year Program Plans and the Annual Report.

Authority staff is developing a strategic plan for prototype performance measures. They have also implemented a mechanism for the Independent Science Board to review its prototype performance measures. The three levels of performance measures are: 1) simple quantitative measures, such as number of projects and dollars spent; 2) simple program accomplishments; and 3) complex or system-wide measures which provide the best information regarding projects and program goals and objectives.

Finally, the Authority's business performance measures employ new ways to measure change and efficiency. In 2002, with the cooperation of the Governor's Office of Innovation in Government, the CALFED Program set up a pilot program with DWR to review a number of its business practices. An outcome of this effort is a database to track contracts and performance measures for contracting practices, which has streamlined and increased efficiency in the Authority's contracting office.

Authority members voiced concerns regarding the relatively minimal resource commitments dedicated to collecting and analyzing data to evaluate program efficacy compared to the millions of dollars spent on projects. Authority members suggested that performance measures should be developed for the breadth of the CALFED Program, including the Science Program.

Other comments included the concern for getting the results we want and expect, concern regarding the available level of funding and the need for human or social performance measures.

Comments were then received from the following members of the public:

- Anson Moran, for Delta Wetlands, agreed with the importance of developing level 3 performance measures. The Delta Wetlands Project would provide benefits to the Delta levee system, the Environmental Water Account (EWA), Ecosystem Restoration Program (ERP), Water Transfers and Conveyance. More water in the system from the Delta Wetlands Project would help balance the needs of Delta water quality, pumping, water supply needs, etc.

- Larry Smith, U.S. Geological Survey (USGS), gave a history of the development of programmatic monitoring described in the CALFED Bay-Delta Program EIR/EIS and the need for adaptive management, as exemplified by the EWA. Jason Peltier then requested that a report on the EWA be put on the April Authority agenda.
- Gary Bobker, The Bay Institute, spoke as co-chair of the BDPAC Ecosystem Restoration Subcommittee. He thought it was important to measure parameters and evaluate them for Program accountability and to eventually understand the cause and effect of CALFED Program's actions. He stated that this effort has not been adequately funded. The Science Program has been under funded and needs to support more centralized development of performance measures for the rest of the Program. The ERP has a high level of awareness of performance measures.

Gary Hunt reiterated the importance of performance measures in reviewing Program performance and indicated that if there is a need for more resources, the Authority members should be informed.

6. 2004 PROGRAM PRIORITIES AND ACTION PLAN

Director Wright opened a discussion on the Program's 2004 priorities by summarizing the conclusions of last year's Annual Report. That while all program areas are making significant progress, in the first three years, Water Quality, Levees, Science and Agricultural Water Use Efficiency programs have been particularly short of funds when compared to levels projected in the Record of Decision. In the spring and summer of 2004, the Authority will hear reports on high priority action items, such as the Delta Improvements Package, Surface Storage Studies, Proposition 50 Implementation, Finance Plan, and Water Measurement. The role of the Authority will be to advise the agencies on how to proceed, rather than to approve or disapprove the actions.

The Authority members discussed their concerns regarding making the upcoming significant decisions, what information they would need in advance, how they would like to hear from stakeholders and how long in advance of decision-time they would need to consider the input. Some wanted considerable opportunity to hear from stakeholders, in the form of written submittals or an extended Authority workshop, in order to make the most informed decisions.

A member of the public stated that March 5, 2004 was to be the end of review for the In-Delta Storage Project but that California Urban Water Agencies (CUWA) had requested a 30-day extension of the deadline for comments. (Therefore, final input from stakeholders would not be available until just before the April 8, 2004 Authority meeting.)

A recess was taken for lunch and Item 7, Informational Report on the Long-Term Finance Plan, was deferred until a later meeting.

8. DELTA IMPROVEMENTS PACKAGE – PROGRESS AND SCHEDULE

Director Wright presented the status and schedule for the Delta Improvements Package. The issues emphasized were completion of the package, coordination and integration of schedules, environmental documentation for the various components of the package, and financing. Jason Peltier raised the issue of the ongoing water quality discussions at the University of the Pacific between the in-Delta Interests and the south of the Delta exporters, and the need to begin the constructive integration of those components with the existing agency framework.

Comments were then received from the following members of the public:

- Greg Zlotnick, Santa Clara Valley Water District, spoke in support of the Delta Improvements Package and the letter from Patrick Wright to Senator Burton, which he said reflected good policy. Greg Zlotnick said that balance is not a snapshot in time, but should consider the Program's accomplishments overall when looking forward.
- Gary Bobker, The Bay Institute, with input from Marc Holmes, commented that the EWA shouldn't be used for mitigation for increased pumping to 8,500 cfs. A decision tree approach should be used to articulate the uncertainty and implications of the decisions regarding the Delta Improvements Package.
- Vince Wong, Zone 7 of Alameda County Flood Control and Water Conservation District, voiced his support for the water quality and water supply reliability components of the Delta Improvements Package. Zone 7 uses water from the Delta and employs a salt management plan to improve their groundwater basin. They have made significant strides to improve their water quality and reliability; however they are dependent on a balanced Delta fix.
- Joan Dym, Southern California Water Committee, indicated support for the Delta Improvement Project, the EWA, and the Intertie Project, all of which would result in multiple benefits. She was also interested in seeing the financing proposals for the EWA.
- Ronnie Cohen, Natural Resources Defense Council, was concerned about the timeline for the Delta Improvements Package and said that another one to two years, beyond what is currently planned, is needed to evaluate the components.
- Stuart Woolf, Woolf Farming Company, from the Westlands area, was concerned about the water supply reliability issue. The Delta Improvements Package needs to include the water quality and ecosystem restoration components and the Program needs to stay committed to all the stakeholders.

Marc Holmes wanted further definition of the components of the Delta Improvements Package, beyond the Napa Proposal and the increased pumping to 8,500 cfs. He noted that the timing of the OCAP documents and Federal contract renewal would reduce the flexibility of the Package, and financing of EWA is an important component as well.

Jason Peltier stated that Reclamation and Interior were looking at the timeline for OCAP but that there were interrelated issues that had to be dealt with, such as the Trinity River court order, CVP contract renewals and other commitments.

Senator Machado mentioned the need for credibility, confidence, and cooperation during implementation of the ROD.

Paula Daniels was concerned with the environmental degradation that might occur as a result of the increased pumping under certain conditions. She recognized the existence of knowledge gaps, the link with EWA, for which long-term public financing was needed, and water use efficiency in Southern California.

9. OVERVIEW OF WATER MEASUREMENT STAFF PROPOSAL

Tom Gohring, Interim Deputy Director of Water Management and Regional Coordination, presented an overview of the water measurement staff proposal, which included the following key points. Improved agricultural and urban water use measurement is needed to improve the quality of demand data, to better determine water conservation incentives and to improve the administration of water rights. The package of water measurement actions needs to be balanced between agricultural and urban uses and be fiscally realistic and informed by stakeholders. The proposed actions include: 1) a new reporting system; 2) new measuring and reporting of water sources and deliveries; 3) improved evaluation of crop evapotranspiration and groundwater use; and 4) better integration of science into research. He concluded that most of the package is broadly supported and that the proposed actions need to remain a package.

Comments were then received from the following members of the public:

- Steve Macaulay, California Urban Water Agencies, referred to the CUWA letter of February 3, 2004 to Patrick Wright on this subject, and said that after the public workshops, perhaps the package would be more broadly supported. He agreed with the need for reporting consistency, which is very important; however, he didn't agree with the proposed reporting frequency. The business case for this package can be made but has not yet been made. CUWA has asked for more time to review the package. The Agricultural and Urban Councils' funding is in jeopardy and funding should be provided for these groups. He concluded that he had a high regard for Mr. Gohring's efforts and the Panel that had conducted the evaluation.
- Larry Smith, USGS, stated that water measurement was important and will help bring the agricultural and environmental communities together.

- Ronnie Cohen, NRDC, stated that there was a need for additional agricultural water measurement.
- Brent Walthall, Kern County Water Agency, did not agree with the entire package, but indicated it was a fair package.

Gary Hunt recommended that Tom Gohring meet and work with the stakeholders to further develop the business case, including a cost/benefit analysis, for the package.

10. DEVELOPMENT OF THE PROCESS AND SCHEDULE FOR THE PROPOSITION 50 CHAPTER 8 GRANTS

John Woodling, Chief of the Conjunctive Water Management Branch, DWR, presented the joint DWR and State Water Resources Control Board (SWRCB) approach to implementation of Chapter 8 funding. He summarized the objectives, project elements, grant requirements, process issues, potential evaluation criteria and schedule. The grants can be used for a wide range of projects including desalination, Delta levees, and water use efficiency projects. Wayne Pearson, SWRCB, assisted in answering questions.

Dennis O'Connor, representing Senator Machado, asked about the \$50 million for groundwater monitoring and expressed concern that 32 months after passage, the contracts have not yet gone out.

Paula Daniels suggested that the selection criteria give weight to projects with multiple benefits.

Steve Shaffer acknowledged that there was a shortage of resources and recommended the implementing agencies make the most effective use of funds by supporting projects that resulted in multiple CALFED benefits and explore options of leveraging funds to obtain conservation grants and other potentially available forms of Federal funding.

Gary Hunt deferred approval of the December 11, 2003 meeting summary and Item 7, Informational Report on the Long-term Finance Plan, until the next Authority meeting.

The meeting was adjourned at 3:45 p.m.



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Agenda Item: 7-3
Meeting Dates: April 7 and 8, 2004

Revised March 3, 2004

**Annual Joint California Bay-Delta Authority
and Bay-Delta Public Advisory Committee Meeting**

Thursday, December 11, 2003
Sheraton Grand Hotel
Sacramento, California

MEETING SUMMARY

Note: Copies of the motions and resolutions mentioned in this summary can be found on the California Bay-Delta Authority website at: <http://calwater.ca.gov>. If you have any questions, please contact Heidi Rooks at (916) 445-0533.

1. CALL TO ORDER / INTRODUCTORY REMARKS

The meeting was called to order at 9:15 a.m. by the Acting Chair of the Authority, Mike Chrisman, Secretary of the California Resources Agency, who then turned the Chair over to Gary Hunt, Chair of the Bay-Delta Public Advisory Committee (BDPAC) and BDPAC Representative on the Authority.

2. ROLL CALL / ESTABLISHMENT OF QUORUMS

Roll call was taken, and a quorum was established for both the Authority and BDPAC.

The following Authority members were present for the meeting:

Public – Jim Costa, San Joaquin Valley Region; Paula Daniels, Southern California Region; Patrick Johnston, San Joaquin River Delta Region; Alfred Montna, Sacramento Valley Region; Susan Kennedy, San Francisco Bay Region; and Daniel Wheeler and Marc Holmes, Members-at-Large

Bay-Delta Public Advisory Committee Representative – Gary Hunt

State – Mike Chrisman, Secretary of the California Resources Agency; A.G. Kawamura, Secretary of the Department of Food and Agriculture; Terry Tamminen, Secretary of the California Environmental Protection Agency; Linda Adams, Interim Director of Water Resources; Diana Jacobs, Designee for Sonke Mastrup, Acting Director of Fish and Game; and Dave Spath, Designee for Diana Bontá, Director of Health Services

Federal – Jason Peltier, Deputy Assistant Secretary for Water and Science, Department of the Interior; Kirk Rodgers, Regional Director, Mid-Pacific Region, Bureau of Reclamation; Tim Price, Assistant to Acting Regional Administrator, Southwest Region, National Marine Fisheries Service; Mark Charlton, Sacramento District Deputy District Engineer for Project Management, Army Corps of Engineers; Karen Schwinn, Associate Director, Water Management Division of the Environmental Protection Agency; and Wayne White, Field Supervisor, Fish and Wildlife Service

Ex-Officio – The Honorable Michael Machado, Chair of the Senate Agriculture and Water Resources Committee and Kathy Mannion for the Honorable Joseph Canciamilla, Chair of the Assembly Water, Parks and Wildlife Committee

The following Authority Members were absent:

Ex-Officio – The Honorable Rick Keene, Vice-Chair of the Assembly Water, Parks and Wildlife Committee and the Honorable Charles Poochigian, Vice Chair of the Senate Agriculture and Water Resources Committee

The following Bay-Delta Public Advisory Committee Members were present:

Ryan Broddrick, Director Conservation Programs, Ducks Unlimited; Denny Bungarz, Supervisor, District 4, Glenn County; Christopher Cabaldon, Council Member, City of West Sacramento; Tom Clark, General Manager, Kern County Water Agency; Marci Coglianese, Mayor, City of Rio Vista; Martha Davis, Strategic Policy Director, Inland Empire Utilities Agency; Greg Gartrell, Assistant General Manager, Contra Costa Water District; Joe Grindstaff, General Manager, Santa Ana Watershed Project Authority; Steve Hall, Executive Director, Association of California Water Agencies; Leslie Lohse, Tribal Council Treasurer, Paskenta Band of Nomlaki Indians; Robert Meacher, President, Regional Council of Rural Counties; Barry Nelson, Senior Policy Analyst, Natural Resources Defense Council; Dan Nelson, Executive Director, San Luis and Delta-Mendota Water Authority; Bill Pauli, President, California Farm Bureau Federation; Tim Quinn, Vice President, State Water Project Resources, Metropolitan Water District; Mike Rippey, Supervisor, District 5, Napa County; Mike Schaver, Tribal Environmental Coordinator, Big Valley Rancheria; Frances Spivy-Weber, Executive Director, Mono Lake Committee; O. L. "Van" Tenney, General Manager, Glenn-Colusa Irrigation District; Marguerite Young, Senior Policy Advisor, Clean Water Action/Clean Water Fund; and Tom Zuckerman, Co-Council, Central Delta Water Agency

The following BDPAC Members were absent:

George Fraser, General Manager, Northern California Power Agency;
Martha Guzman, Legislative Analyst, United Farm Workers of America, AFL-CIO;
Jerry Meral, President, Planning and Conservation League Foundation;
Pietro Parravano, President, Pacific Coast Federal of Fishermen's Association;
and Maureen Stapleton, General Manager, San Diego County Water Authority

3. DIRECTOR'S REPORT

Authority Director Patrick Wright reviewed the topics to be discussed during the meeting. Jason Peltier, Department of Interior, asked for more flexibility in scheduling Authority meetings.

4. ADMINISTRATIVE ITEMS

Two administrative items were for Authority action only.

Resolution 03-12-01 (Adopting a Conflict of Interest Code)

Authority Chief Counsel Chris Stevens presented the Conflict of Interest Code staff report and resolution, which, with minimal discussion, the Authority unanimously approved by a 12-0 vote. Jason Peltier indicated that it is the opinion of the Federal members that State conflict of interest laws do not apply to their activities on the Authority, but that they do operate by Federal rules.

Meeting Summaries

The meeting summaries from the August 11 and October 9, 2003 Authority meetings were approved by a 12-0 vote. A request was made to include more detail in future summaries.

5. DELTA IMPROVEMENTS PANEL DISCUSSION

Director Patrick Wright introduced the topic and panel members. He also stated that Resolution 03-12-02 (Consideration of a Resolution Recommending that the Agencies Proceed to Develop a Coordinated Set of Activities to Improve Water Supply Reliability, Ecosystem Health, and Water Quality in the Delta, and Directing Authority Staff to Assist in this Effort) was pulled from the agenda.

Senator Machado, ex-officio Authority member, prefaced the panel discussion by taking note of several issues: 1) balance; 2) whether adjustments to milestones would be necessary given the current and projected levels of funding and staffing; and 3) the importance of transparency, credibility and balance in the CALFED Program. He also questioned the panel as to whether efforts to improve water quality in the Delta would precede the South Delta Improvements Package or whether they were to be included in the Package.

The panel discussion proceeded as follows:

- Susan Ramos, Assistant Regional Director, Mid Pacific Region, Bureau of Reclamation (USBR) and Tom Glover, Deputy Director, Department of Water Resources (DWR), discussed the components of the Delta Improvements Package including USBR Operations Criteria and Plan, South Delta Improvement Project, overview of the Environmental Water Account (EWA), and the schedule for implementation;
- Ron Ott, Authority Delta Regional Coordinator, presented water quality research projects in the Delta, and Tom Howard, Deputy Director, State Water Resources Control Board (SWRCB), presented SWRCB key water quality issues and regulatory requirements;
- Diana Jacobs, Department of Fish and Game, discussed the regulatory aspects of environmental protection, and Jerry Johns, DWR, presented the status of the EWA; and
- Dr. Wim Kimmerer, EWA Science Advisor and Senior Research Scientist with the Romberg Tiburon Center for Environmental Studies, presented scientific investigations in the Delta and the integration of science into management decisions.

Chair Gary Hunt asked for a review of the draft South Delta Improvements Program schedule and Environmental Impact Report/Statement at the February 2004 Authority meeting. He noted that Delta water quality concerns were a major issue, as was the question of when they will be addressed in the process. He also asked that the draft environmental documents be presented for discussion and comment at the March 2004 BDPAC meeting.

Jason Peltier asked that a detailed presentation on the EWA Panel Report be provided at the February 2004 Authority meeting. The report had just recently been released and there was not time to discuss it at this meeting.

BDPAC and Authority members mentioned the ongoing negotiations between the water exporters and the Delta stakeholders regarding water quality issues and indicated their general support for the process.

Questions also arose as to the how the Napa Proposal would affect the various aspects of Central Valley Project operations. Susan Ramos responded that operations modeling would provide answers to the questions.

Marguerite Young, BDPAC member, asked that information from the discussions on water operations and Delta improvements be aired in the Drinking Water and other BDPAC subcommittees.

Greg Gartrell, BDPAC member, noted that results of the assessment of the CALSIM II model should be reviewed at the Water Supply Subcommittee meeting.

Members of the public then spoke on this agenda item:

- Christina Swanson, The Bay Institute, voiced concerns regarding the lack of transparency in the development of the Napa Proposal and Delta Improvements process and noted these could jeopardize the CALFED Program.
- Ulrich Luscher, Consulting Engineer, was concerned that there was no specific mention of the levee system reliability in the proposed resolution and that levee failure could affect Delta water quality for months or even years.
- Kelly McDonald, representing Defenders of Wildlife and other environmental groups, expressed disapproval of the proposed resolution. In addition, they had concerns about a recently released scientific review of the CALSIM II model, especially regarding the groundwater component.
- Kevin Wolf, Wolf and Associates, proposed that alternative evaluation tools, other than CALSIM II, be used to assess alternatives such as set-back levees.
- Lowell Ploss, San Joaquin River Group Authority, which is the implementing entity under the Vernalis Adaptive Management Program (VAMP), expressed concern that future Delta actions might negate efforts already underway to protect Chinook salmon.
- Steven Evans, Friends of the River, was concerned that the Program should achieve balance before increasing Delta diversions. He noted that spending money is not a goal; rather, it is that all elements of the Program move forward together to meet Program goals. Other issues of concern included lack of progress toward the goal of doubling natural production of anadromous fish, and NEPA and CEQA review for Operations Criteria and Plans, and Red Bluff Diversion Dam operations.
- Bill Jennings, representing DeltaKeeper and WaterKeeper of Northern California, stated that the complexities of the Delta are not understood and that addressing salinity should not be a substitute for evaluating other water quality components or problems. Other concerns included the CALSIM II review, the

recirculation proposal, the proposed Franks Tract project, and the need to allocate sufficient resources to the Program.

- Eric Wesselman, Sierra Club, voiced his support for what Steven Evans had said and noted that he was pleased the Authority had pulled the proposed resolution. His issues included the goal of doubling natural production of anadromous fish, take limits that were routinely exceeded at the Delta export facilities, the CVPIA (b) (2) baseline issue, the recent 9th circuit court ruling, water quality issues, and the CALSIM II Panel review.
- Thomas Birmingham, Westlands Water District, stated that potential water quality projects under discussion are products of discussions, which are not completed. The goal is to get better together. He agreed with Senator Machado that the Program is out of balance with respect to water quality, and so are the other programs, such as conveyance.
- Kendrick Hafen, Tehama-Colusa Canal Authority, discussed the Napa negotiations and expressed his concern that Central Valley Project contractors north of the Delta were not included in those discussions.
- David Breninger, Placer County Water Agency and Recreational Boaters Organization of California, addressed the Authority in support of the proposed resolution.

6. SOUTHERN CALIFORNIA WATER DIALOG SNAPSHOT QUESTIONNAIRE

Frances Spivy-Weber, BDPAC member, and Kathy Caldwell, Authority Southern California Regional Coordinator, presented an informational report on the results from the questionnaire. Their hard work was acknowledged; and the dialogue was encouraged to continue with assessing water supply, demand, and investments within the region.

7. PRESENTATION OF THE ANNUAL REPORT AND APPROVAL OF THE PROGRESS AND BALANCE STATEMENT

Resolution 03-12-03 (Adopting the 2003 Statement of Progress and Balance for Inclusion in the Annual Report and Endorsing the Annual Report for Submittal).

Director Wright introduced this item by discussing the statutory requirements for the Annual Report, including the progress and balance statement. Jason Peltier noted that this year's annual report was prepared by a State agency (California Bay-Delta Authority) and is not considered a Federal document.

Senator Machado stated that specific actions and timelines are needed to bring about balance in the CALFED Program. BDPAC and Authority members discussed the issues of progress, balance, milestones, schedules and performance measures, and the implications of unreliable funding.

Authority member Susan Kennedy raised the point that in the drafting of the Record of Decision, there was the expectation that elements of the Program could fall behind schedule without triggering a statement of imbalance and that mechanisms, such as periodic assessments, were put in place to identify and correct those types of problems. Gary Hunt noted that the Authority is a dynamic, new agency empowered to work with the implementing agencies to achieve balance. If it is not achieved, the Legislature likely would take action. Members suggested that a process or action plan is needed for the next year to achieve balance; and a system of objective evaluation, tool or metric, upon which all can agree, is needed to evaluate progress.

Suggestions were made on how to rewrite the resolution in order to reflect the concerns of BDPAC and the Authority. Amendments to the resolution were proposed and agreed upon, including deleting all references to balance. In addition, the members agreed that a letter of conveyance or transmittal specifying their concerns be sent with the Annual Report.

Gary Hunt summarized the discussion by saying that the letter of conveyance should: 1) reference the Governor's policy letter to Dianne Feinstein; 2) indicate that unless long-term State funding and Federal authorization are secured, it will be difficult not to find the Program out of balance at the end of 2004; and 3) state that the goal of the agencies is to do everything they can to bring the Program into balance. The Authority staff should identify issues of current imbalance and develop a mechanism or an action plan to identify performance measures and funding sources to bring those elements back into balance.

During the discussion, BDPAC unanimously recommended Authority passage of the amended resolution. The Authority passed the amended resolution by a 14-0 vote.

8. FUTURE PRIORITIES – PROCESS FOR MOVING FORWARD

This agenda item was deferred to the February 11, 2004 meeting.

9. GRANT PROGRAMS – PROCESS AND GRANTS

- a. Resolution 03-12-04 (Recommending to the Department of Water Resources that it Proceed with the 2004 Water Use Efficiency [WUE] Proposal Solicitation Package [PSP] Consistent with the Stated Priorities, Selection Process and Schedule).**

Marsha Prillwitz, DWR, presented DWR's Water Use Efficiency PSP. With little discussion, BDPAC unanimously recommended that the Authority adopt the resolution. The Authority by a 13-0 vote adopted the resolution recommending DWR proceed with the 2004 WUE PSP.

Note: BDPAC, consistent with its past practice of not recommending awards of grants, (due to the potential for conflict of interest among the stakeholder members and their representative organization), did not take action on the following agenda items: 9b, 9c, and 9d.

b. Resolution 03-12-05 (Recommending to the Department of Water Resources that it Proceed with the Award of a Grant to Contra Costa Water District to Begin Implementation of the Rock Slough and Old River Water Quality Improvement Project).

Sam Harader, Authority Drinking Water Quality Program, presented a DWR proposed award of a Drinking Water Quality grant to the Contra Costa Water District for the Rock Slough and Old River Water Quality Improvement Project. The Authority approved the resolution by an 11-0 vote to recommend DWR proceed with the award of the grant.

c. Resolution 03-12-06 (Recommending to the Department of Water Resources that it Proceed with the Award of Groundwater Storage Grants and Groundwater Recharge Loans).

John Woodling, DWR, summarized the selection process for awarding funds for Groundwater Storage Grants and Groundwater Recharge Loans in the Central Valley. Members of the Authority asked questions about the criteria for selecting projects, how the projects were ranked, why fewer dollars were awarded to the Sacramento Region compared to other regions and stated the importance of the Sacramento Valley Basin-Wide Groundwater Management Plan. Authority member Al Montna said that he believed the selection process put the Sacramento Valley at an unfair disadvantage because it required projects to be nearly fully developed. Some BDPAC members, speaking as private citizens, agreed with Mr. Montna and questioned the development and substance of the selection criteria. Following the discussion, the Authority asked that the criteria for the Proposition 50 Chapter 8 money be presented at the February 11, 2004 meeting along with the ranking of the projects selected for the groundwater loans and grants.

The Authority approved the resolution to recommend to DWR to proceed with the award of the groundwater storage grants and groundwater recharge loans by a 12-0 vote. Chairman Hunt requested that DWR Interim Director Linda Adams consider the concerns expressed and re-review the applications prior to her final

decision to award the grants- and she said that DWR was committed to fairly award all Proposition 13 and 50 Groundwater Recharge Loans to applicants, including those from the Sacramento Valley.

d. Resolution 03-12-07 (Approving Ecosystem Restoration Program Grants and Authorizing the Director, or Designee, to Process the Approved Grants).

Dan Castleberry, Bay-Delta Authority, presented the Ecosystem Restoration Grants that were selected through the Authority's Ecosystem Restoration Program PSP and Directed Action processes. The four grants recommended for awards were:

- *Mercury and Methylmercury Processes in North San Francisco Bay Tidal Wetland Ecosystem* (\$1.6M) to San Francisco Estuary Institute, Prop. 204 Bay-Delta Ecosystem Restoration Account.
 - *Mercury in Bay-Delta Birds: Trophic Pathways, Bioaccumulation and Ecotoxicological Risk to Avian Reproduction* (\$5.3M) to U.S. Fish and Wildlife, Prop. 204 Bay-Delta Ecosystem Restoration Account.
 - *Monitoring and Investigations of the San Joaquin River and Tributaries Related to Dissolved Oxygen* (\$6.8M) to San Joaquin Valley Drainage Authority, Prop. 13 Bay-Delta Multipurpose Water Management Subaccount.
 - *Implementing a Collaborative Approach to Quantifying Ecosystem Flow Regime Needs for the Sacramento River* (\$1.5M) to The Nature Conservancy, Prop. 204 Bay-Delta Ecosystem Restoration Account.
- The Authority approved the four grants by a 12-0 vote.

10. ADJOURNMENT

The meeting was adjourned at 5:05 p.m.